North Central Solid Waste Authority
Española, New Mexico

Annual Financial Report
June 30, 2019

De'Aun Willoughby CPA, PC
Certified Public Accountant
Clovis, New Mexico

North Central Solid Waste Authority
Table of Contents
For the Year Ended June 30, 2019

North Central Solid Waste Authority
Official Roster
June 30, 2019

Board of Directors

Member	Position	Entity Represented
Tomas Campos	Chairman	Rio Arriba County
Ben Lujan	Vice-Chairman	Ohkay Owingeh Pueblo
Bernardino Chavarria	Secretary	Santa Clara Pueblo
James Martinez	Member	Rio Arriba County
John Ricci	Member	City of Espanola

Administrative Staff

Peter Fuller	Manager

De'Aun Willoughby CPA, PC
Certified Public Accountant 225 Innsdale Terrace Clovis, NM 88101
(855) 253-4313

Independent Auditor's Report

Mr. Brian S. Colón
State Auditor of the State of New Mexico
Board of Directors of the North Central Solid Waste Authority

Mr. Colón and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of North Central Solid Waste Authority (Authority) as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents. We have also audited the budgetary comparison presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying financial statements as of and for the year ended June 30, 2019, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of June 30, 2019, and the respective changes in financial position and cash flows for the for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedules of Required Supplementary Information for Pension Plan, Other Post Employment Benefits Plan and related notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated December 5, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

De'Aun Willoughby, CPA, PC

Clovis, New Mexico
December 5, 2019

North Central Solid Waste Authority
Statement of Net Position
June 30, 2019

Assets		
Current Assets		
Cash in Banks	$	2,015,838
Receivables Net of Allowance for Doubtful Accounts		439,159
Prepaid Expenses		80,938
Total Current Assets		2,535,935
Noncurrent Assets		
Restricted Cash		28,486
Capital Assets Net of Accumulated Depreciation		2,016,909
Total Noncurrent Assets		2,045,395
Total Assets		4,581,330
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions		632,394
Deferred Outflows Related to Other Post Employment Benefits		162,073
Total Deferred Outflows of Resources		794,467
Total Assets and Deferred Outflows of Resources	$	5,375,797
Liabilities and Net Position		
Current Liabilities		
Accounts Payable		160,874
Accrued Salaries		147,247
Unearned Revenues		375,481
Compensated Absences		98,226
Current Amount Due of Long-Term Debt		78,343
Total Current Liabilities		860,171
Noncurrent Liabilities		
Notes and Loans Net of Current Portion Due		495,205
Pension Liability		2,649,843
Other Post Employment Benefits Liability		1,390,169
Total Noncurrent Liabilities		4,535,217
Total Liabilities		5,395,388
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions		84,806
Deferred Inflows Related to Other Post Employment Benefits		359,194
Total Deferred Inflows of Resources		444,000
Net Position		
Net Investment in Capital Assets		1,443,361
Restricted for Debt Service		28,486
Unrestricted (Deficit)		(1,935,438)
Total Net Position		(463,591)
Total Liabilities, Deferred Inflows of Resources and Net Position	$	5,375,797

The notes to the financial statements are an integral part of this statement.

North Central Solid Waste Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019

Operating Revenues	
Charges for Services	$ 5,717,492
	5,717,492
Operating Expenses	
Salaries	1,941,716
Employee Benefits	633,741
Other Personnel Expenses	35,580
Tipping and Hauling Fees	636,163
Vehicle Expenses	538,003
Professional Services	311,225
Insurance	241,688
Gross Receipts Tax	210,985
Equipment Expenses	105,002
Utilities	62,577
Office Expenses	51,128
Postage	32,382
Fees	41,767
Building Expenses	84,665
Printing and Advertising	9,677
Other	12,583
Bad Debts	482,846
Depreciation	380,768
Total Operating Expenses	5,812,496
Operating Loss	(95,004)
Non-Operating Revenues (Expenses)	
Tribal Operating Subsidy	60,000
Loss of Disposition of Capital Assets	(20,979)
Miscellaneous Revenues	14,035
Interest Expense	(1,598)
Total Non-Operating Revenues (Expenses)	51,458
Change in Net Position	(43,546)
Net Position at Beginning of Year	(420,045)
Net Position at End of Year	$ (463,591)

The notes to the financial statements are an integral part of this statement.

State of New Mexico
North Central Solid Waste Authority
Statement of Cash Flows Proprietary Fund
For the Year Ended June 30, 2019

Cash Flows from Operating Activities		
Cash Received from Customers	$	5,185,943
Cash Payments to Employees for Services		(2,281,964)
Cash Payments for Suppliers for Goods and Services		(2,309,564)
Net Cash Provided by Operating Activities		594,415
Cash Flows from Non-Capital and Related Financing Activities		
Insurance Claims and Recoveries		23,771
Miscellaneous		14,035
Net Cash Provided (Used) by Non-Capital and Related Financing Activities		37,806
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets		(400,631)
Principal Payment on Capital Debt		(77,581)
Interest and Related Debt Charges		(1,598)
Net Cash Provided (Used) by Capital and Related Financing Activities		(479,810)
Net Increase (Decrease) in Cash		152,411
Cash, Beginning of Year Including Restricted Cash		1,891,913
Cash, End of Year Including Restricted Cash	$	2,044,324
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income	$	(95,004)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation		386,518
Bad Debts		482,846
In-kind Lease		60,000
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivable		(59,636)
(Increase) Decrease in Prepaid Expenses		1,677
(Increase) Decrease in Deferred Outflows of Resources		(218,352)
Increase (Decrease) in Accounts Payable		14,380
Increase (Decrease) in Accrued Salaries and Benefits		32,273
Increase (Decrease) in Compensated Absences		(4,899)
Increase (Decrease) in Unearned Revenues		12,711
Increase (Decrease) in Pension Liability		399,093
Increase (Decrease) in Other Post Employee Benefits Liability		70,999
Increase (Decrease) in Deferred Inflows of Resources		5,225
Net Cash Provided by Operating Activities	$	1,087,831

The notes to the financial statements are an integral part of this statement.

I. Summary of Significant Accounting Policies

A. Reporting Entity

North Central Solid Waste Authority (Authority) provides solid waste collection services to the City of Española, New Mexico, Rio Arriba County, Santa Clara Pueblo, and Ohkay Owingeh Pueblo for residents and commercial properties. The Authority also operates convenience centers where residents and businesses can dump trash.

The Authority was formed pursuant to a joint powers agreement between the City of Española, Rio Arriba County, Santa Clara Pueblo, and Ohkay Owingeh Pueblo, which was signed on November 27, 2002. The Authority began operations on October 1, 2004. The agreement is for an indefinite period of time. None of the members have an equity interest in the Authority. The Authority was formed pursuant to the New Mexico Joint Powers Agreement Act, Sections 11-1-1 etseq. NMSA 1978. The Authority is an instrumentality of its members operated for public purposes. The Authority is not considered a solid waste authority, a political subdivision of the state or a local public body.

The Authority is governed by a board, which acts as the fiscal agent for the Authority, and is comprised of one member appointed by each participating party. At the present time, Rio Arriba County has two representatives on the governing board. Each board member in good standing has one vote on all matters of business affecting the Authority.

The financial statements of the Authority have been prepared on the accrual basis of accounting. The Authority has prepared its financial statements in conformity with generally accepted accounting principles (GAAP) in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the reporting entity was made by applying the criteria set forth in GAAP. The most primary standard for including or excluding a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Authority is able to exercise oversight responsibilities. Based upon the application of these criteria, the Authority has no component units. The determination of the Authority would be considered a component unit of one of its members has not been made by the Authority as that is the responsibility of the members. The Authority does not have any component units.

B. Basis of Presentation and Accounting

The Authority's basic financial statements are presented on the accrual basis of accounting. The accounts of the Authority are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses.

Enterprise funds account for activities: (1) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (2) that are required by laws or regulations that the activity's costs of providing services, including capital costs, such as depreciation or debt service, be recovered with fees and charges rather than with taxes or similar revenues; or (3) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs, such as depreciation or debt service. The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's ongoing operation. The principal operating revenue is charges for services. Operating expenses include the cost of operations, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Non-operating grant revenue is recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operations, are included on the statement of net position. Net position is segregated into three components; net investment in capital assets, restricted, and unrestricted components. The Authority's operating statements present increases (revenues) and decreases (expenses) in net position.

C. Budgets

The budget for the one enterprise fund is prepared by management and approved by the board of directors. The general manager is responsible for preparing the budget, from requests submitted by department heads. The appropriated budget is prepared by line item within object class, program, department and fund; revenues expected to be available are estimated to provide for balanced budgeting. The comprehensive budget package is brought before the board of directors for approval by resolution.

The New Mexico Department of Finance and Administration Local Government Division (LGD) does not review or approve the annual budget of the Authority, as it is not a solid waste authority, a political subdivision of the state, or a local body as defined by the Local Government Finance Act, Sections 6-6-1 etseq. NMSA 1978. Rather, the Authority is a joint powers agreement entity pursuant to the Joint Powers Agreement Act, Section 11-1-1 etseq. NMSA 1978. The Authority is not directly under the regulatory authority of LGD except for issues directly related to LGD's regulatory authority over its constituent members which would be the City of Española, New Mexico and Rio Arriba County.

Actual expenditures may not exceed the budget on a fund basis. Budgets may be amended as circumstances change. Budget transfers necessary within expenses, and budget increases required must be approved by the board of directors. The Authority's level of budgetary control is at the total fund level.

D. Cash and Cash Equivalents
Cash includes amounts in demand deposits as well as certificates of deposit as applicable. State statutes authorize the government to invest in interest bearing accounts with local financial institutions, direct obligations of the state and the U.S. Treasury or New Mexico political subdivisions, and the State Treasurer's Investment Pool. New Mexico State Statutes require that financial institutions with public monies on deposit pledge collateral, to the owner of such public monies, in an amount not less than 50% of the uninsured public monies held on deposit. If required, collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Authority. The pledged securities remain in the name of the financial institution.

E. Receivables
All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

F. Prepaid Expenses
Payments made to vendors for goods or services that will benefit periods beyond year end, are recorded as prepaid items.

G. Capital Assets
Capital assets, which include property, plant, equipment, computer hardware and software, furniture, fixtures, and vehicles are valued and reported at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Prior to June 17, 2005, the Authority defined capital assets as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year. Effective June 17, 2005, in accordance with state statutes, the Authority changed its capitalization threshold to include only assets with a cost of $5,000 or more. All assets capitalized prior to June 17, 2005 that are property of the Authority remain on the financial and accounting records of the Authority.

Major outlay for capital assets and improvements are capitalized as projects are constructed. Interest, if applicable, incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Capital assets are amortized or depreciated using the straight-line method over the estimated useful lives as follows:

Buildings	10 years
Convenience Stations	10 years
Leasehold Improvements	5 years
Containers	10 years
Equipment	7-10 years
Office Equipment	3-5 years
Vehicles	5 years

H. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable, available financial resources is reflected as a liability of the Authority. In accordance with the provisions of the Governmental Accounting Standards Board, Statement No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Each regular and probationary full-time employee shall accrue leave based on length of service, in accordance with the benefit schedule as follows:

Length of Employment	Full-Time Employee
1st year	3.69 hours/pay period
2nd to 5th year	4.62 hours/pay period
6th to 15th year	5.54 hours/pay period
16th+	6.15 hours/pay period

Each regular employee can carry a maximum of two hundred forty (240) hours of annual leave per fiscal year. When the employment terminates, regular employees are paid for unused vacation leave up to two hundred forty (240) hours at their regular salary rate. Probationary employees whose employment is terminated, whether voluntary or involuntary, without achieving regular status is not paid for unused vacation leave.

Each regular and probationary full-time employee accrues sick leave based on 3.69 hours per eighty (80) hours of employment. Sick leave does not have a cap and does not hold any monetary value.

During the fiscal year, management began to allow employees the ability to accumulate compensatory time at a rate of 1.5%, for hours beyond a normal work week. The employees are allowed to accumulate and retain the compensatory time. Management will present to the board of directors a recommended change to the personnel policy in the next fiscal year.

I. Unearned Revenues

The Authority reports unearned revenue on its statement of net position. Unearned revenues arise when the Authority receives resources before it has a claim to them, for example, as when customers remit annual fees in the middle of the fiscal year. In subsequent periods, when both revenue recognition criteria are met, or when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and revenue is recognized.

J. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent consumption of assets that are applicable to future reporting periods. The amounts are reported in a separate section after assets in the statement of net position.

Deferred inflows of resources represent acquisition of assets that are applicable to a future reporting period. The deferred inflows of resources are reported in a separate section after liabilities in the statement of net position.

K. Short-Term Obligations

In the statement of net position, short-term debt and other short-term obligations are reported as liabilities.

L. Long-Term Obligations

In the statement of net position, long-term debt and other long-term obligations are reported as liabilities.

M. Net Position

Net position comprise the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position are classified in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated amortization and depreciation, reduced by the outstanding balances of any bonds, mortgages, notes on other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant, unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints imposed by creditors, such as through debt covenants; grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that do not meet the definition of restricted or invested in capital assets.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA), and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Other Post Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA’s fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Cash Flows

For the purpose of the statement of cash flows, the Authority considers all highly liquid investments, including restricted cash with maturity of three months or less when purchased, to be cash equivalents.

Q. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

R. Presentation

Certain reclassifications of prior year information have been made to conform to current year presentations.

S. Reconciliation of Non-GAAP Budgetary Basis to GAAP Basis

The Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis are presented on the Statement of Revenues, Expenses, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

II. Detailed Notes on all Funds

A. Cash and Investments

New Mexico State Statutes provide authoritative guidance regarding the deposit of cash and idle cash. Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more bank or savings and loan associations. Deposits may be made to the extent that they are insured by an agency of the United States of America or by collateral deposited as security or by bond given by the financial institution. The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Idle cash may be invested in a wide variety of instruments, including money market accounts, certificates of deposit, the New Mexico State Treasurer's investment pool, or in securities which are issued by the state or by the United States government, or by their departments or agencies, and which are either direct obligations of the state or the United States, or are backed by the full faith and credit of those governments.

The Authority maintains cash within two financial institutions located in Española, New Mexico and an online payment processing company. The Authority's deposits are carried at cost. The Federal Depository Insurance Corporation (FDIC) insures the cash accounts at the financial institutions.

At year end, the amount of cash reported on the financial statements differs from the amount on deposit with the various institutions because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

	Account Type	Bank Balance 6/30/19	Reconciled Balance 6/30/19
Century Bank	Non-interest Checking	$ 1,908,773	$ 1,888,564
NM Bank & Trust	Interest bearing Checking	91,110	91,194
Xpress	Non-interest Checking	33,917	35,730
		2,033,800	$ 2,015,488
	Less: FDIC coverage	(341,110)	
		1,692,690	
	50% collateral requirement	846,345	
	Pledged securities	1,157,810	
	Over (Under) requirement	$ 311,465	

There is $350 cash in the cash drawers.

The following securities are pledged by Century Bank:

Description	CUSIP #	Market Value	Maturity Date	Location
Baltimore MD Proj Rev	05922KXC8	$ 1,157,810	07/01/34	FHDA, Dallas, TX
		$ 1,157,810		

Custodial Credit Risk-Deposits

Depository Account	Bank Balance
Insured	$ 341,110
Collateralized	
Collateral held by the pledging bank in Authority's name	1,157,810
Uninsured and uncollateralized	534,880
Total Deposits	$ 2,033,800

Custodial Credit Risk — Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2019, $534,880 of the Authority's bank balances of $2,033,800 were exposed to custodial credit risk.

Restricted Cash includes a debt service account $13,852 and a reserve for debt service $14,634 held by New Mexico Finance Authority.

B. Receivables

Receivables as of June 30, 2019, were as follows:

Receivables	Total
Accounts Receivable:	
Charges for Services	$ 9,635,689
Allowance for Doubtful Accounts	(9,196,530)
	$ 439,159

C. Capital Assets

	Beginning Balance 6/30/18	Increases	Decreases	Ending Balance 6/30/19
Capital Assets:				
Buildings	$ 5,000	$ 0	$ 0	$ 5,000
Convenience Stations	104,631	0	0	104,631
Leasehold Improvements	63,535	0	0	63,535
Containers	130,994	52,756	0	183,750
Equipment	4,350,650	254,396	(60,000)	4,545,046
Vehicles	192,616	0	0	192,616
Office Equipment	47,421	0	0	47,421
Computer Software	**0**	98,420	0	98,420
Total Capital Assets	4,894,847	405,572	(60,000)	5,240,419
Less Accumulated Depreciation:				
Buildings	3,209	500	0	3,709
Convenience Stations	104,630	0	0	104,630
Leasehold Improvements	24,151	12,707	0	36,858
Containers	128,556	4,617	0	133,173
Equipment	2,441,383	333,812	(15,250)	2,759,945
Vehicles	121,200	26,186	0	147,386
Office Equipment	34,740	3,069	0	37,809
Computer Software	0	0	0	0
Total Accumulated Depreciation	2,857,869	380,891	(15,250)	3,223,510
	$ 2,036,978	$ 24,681	$ (44,750)	$ 2,016,909

The computer software was not in service until after June 30, 2019.

D. Long Term Obligations

Changes in long-term debt during the year were as follows:

	Beginning Balance 6/30/18	Reductions	Ending Balance 6/30/19	Current Amount Due
Notes Payable				
Rio Arriba County	$ 601,205	$ 53,000	$ 548,205	$ 53,000
NM Finance Authority	49,924	24,581	25,343	25,343
	$ 651,129	$ 77,581	$ 573,548	$ 78,343

North Central Solid Waste Authority signed a loan agreement on June 30, 2011 with Rio Arriba County (County) in the amount of $1,054,205. The loan was given to relieve the Authority of its sizable delinquent obligations to the Internal Revenue Service, New Mexico Taxation and Revenue Department and the General (Risk Management) Services Division of the State of New Mexico. On July 18, 2017, the Authority and the County agreed that the Authority would remit $53,000 annually to retire the debt.

The loan agreement noted the following:

- The Authority had previously requested financial assistance from the County.
- The County had established financial resources to provide additional fiscal assistance to the Authority.
- The loan is interest free.
- A clause stating that at the County’s discretion any portion, up to and including the entire amount of this financial assistance loaned to the Authority, may be forgiven.

On September 3, 2010, the Authority and Rio Arriba County entered into a loan agreement with the New Mexico Finance Authority (NMFA) to borrow $143,238. The proceeds of the loan were used to finance equipment purchased for the Authority. The loan accrues interest at a rate that ranges from 1.12% to 2.85% through the life of the loan. Rio Arriba County has pledged County Local Option Environmental Gross Receipts Tax to service the debt. The Authority reimburses the County for the intercepted environmental gross receipts tax.

The following is a schedule of future payments to retire the debt:

	Principal	Interest	Total
2020	$ 78,343	$ 834	$ 79,177
2021	53,000	0	53,000
2022	53,000	0	53,000
2023	53,000	0	53,000
2024	53,000	0	53,000
2025-2029	265,000	0	265,000
2030	18,205	0	18,205
	$ 573,548	$ 834	$ 574,382

F. Operating Leases

The Authority has entered into various operating leases for the use of real estate and equipment. For the fiscal year ended June 30, 2019, the Authority recorded $91,039 for operating leases. The Authority has included $60,000 for the in-kind lease of the Authority's administrative offices and has reflected in-kind revenues for the lease.

G. Retirement Plan

General Information about the Pension Plan

Public Employees Retirement Fund- is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

Benefits Provided – Benefits are generally available at age 65 with five or Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

Tier II- The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions – The following tables illustrate the various coverage options under the PERA plan and the contribution rates effective during the year.

PERA Contribution Rates and Pension Factors in effect during Fiscal Year 2018

Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
Annual Salary less than $20,000	Annual Salary greater than $20,000		Tier 1	Tier 2	
State Plan 3					
7.42%	8.92%	16.99%	3.00%	2.50%	90%
Municipal Plan 1 (plan open to new employers)					
7.00%	8.50%	7.40%	2.00%	2.00%	90%
Municipal Plan 2 (plan open to new employers)					
9.15%	10.65%	9.55%	2.50%	2.00%	90%
Municipal Plan 3 (plan closed to new employers 6/00)					
13.15%	14.65%	9.55%	3.00%	2.50%	90%
Municipal Plan 4 (plan closed to new employers 6/95)					
15.65%	17.15%	12.05%	3.00%	2.50%	90%
Municipal Police Plan 1					
7.00%	8.50%	10.40%	2.00%	2.00%	90%
Municipal Police Plan 2					
7.00%	8.50%	15.40%	2.50%	2.00%	90%

Municipal Police Plan 3					
7.00%	8.50%	18.90%	2.50%	2.00%	90%
Municipal Police Plan 4					
12.35%	13.85%	18.90%	3.00%	2.50%	90%
Municipal Police Plan 5					
16.30%	17.80%	18.90%	3.50%	3.00%	90%
Municipal Fire Plan 1					
8.00%	9.50%	11.40%	2.00%	2.00%	90%
Municipal Fire Plan 2					
8.00%	9.50%	17.90%	2.50%	2.00%	90%
Municipal Fire Plan 3					
8.00%	9.50%	21.65%	2.50%	2.00%	90%
Municipal Fire Plan 4					
12.80%	14.30%	21.65%	3.00%	2.50%	90%
Municipal Fire Plan 5					
16.20%	17.70%	21.65%	3.50%	3.00%	90%
Municipal Detention Officer Plan 1					
16.65%	18.15%	17.05%	3.00%	3.00%	90%
State Police and Adult Correctional Officer Plan 1					
7.60%	9.10%	25.50%	3.00%	3.00%	90%
State Plan 3 Peace Officer					
7.42%	8.20%	16.99%	3.00%	3.00%	90%
Juvenile Correctional Officer Plan 2					
4.78%	6.28%	26.12%	3.00%	3.00%	90%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –
At June 30, 2019, the Authority reported a liability of $2,649,843 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017.The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Authority's proportion was 0.1662%, which was an increase of 0.0024% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Authority recognized pension expense of $394,147. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	76,585	$	69,570
Net difference between projected and actual earnings on pension plan investments		196,526		0
Changes of assumptions		240,246		15,236
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions		113,146		0
Authority's contributions subsequent to the measurement date		5,891		0
Total	$	632,394	$	84,806

$145,908 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30		
2019	$	353,364
2020		145,192
2021		33,206
2022		9,935
Total	$	541,697

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date		June 30, 2017
Actuarial cost method		Entry age normal
Amortization method		Level percentage of pay
Amortization period		Solved for based on statutory rates
Asset valuation method		
Actuarial assumptions:		
(1) Investment rate of return		7.25% annual rate, net of investment expense
(2) Projected benefit payment		100 years
(3) Payroll growth		3.00%
(4) Projected salary increases		3.25% to 13.50% annual rate
(5) Includes inflation at		2.50%, '2.75% all other years
(6) Mortality Assumption		The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
(7) Experience Study Dates		July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets to include Real Estate	20.00%	6.48%
Total	100.00%	

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the employer name's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the employer name's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
The Authority's proportionate share of the net pension liability.	$ 4,083,230	$ 2,649,843	$ 1,464,919

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued PERA'S financial reports.

H. Other Post-Employment Benefits (OPEB)
Retiree Health Care Plan
The New Mexico Retiree Health Care Authority (the Authority) was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Retiree Health Care Fund (the Fund) under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

Summary of Significant Accounting Policies. *Postemployment Benefits Other Than Pensions (OPEB).* For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees. Employees of the Authority also participate in the Fund.

Benefits Provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms – At June 30, 2018, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	93,349
	156,025
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	93,349

Contributions. Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the Authority were $30,811 for the year ended June 30, 2019.

Actuarial Assumptions
The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB members; 2.25% for PERA members
Projected payroll increases	3.25% to 12.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

Rate of Return
The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions. The best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Long-Term Rate of Return
U.S. core fixed income	2.1%
U.S. equity - large cap	7.1%
Non U.S. - emerging markets	10.2%
Non U.S. - developed	7.8%
Private equity	11.8%
Credit and structured	5.3%
Real estate	4.9%
Absolute return	4.1%
U.S. equity - small/mid cap	7.1%

Discount Rate
The discount rate used to measure the Fund's total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

Sensitivity of the Net OPEB Liability
The following presents the net OPEB liability, calculated using the discount rate of 4.08%, as well as what the Fund's net OPEB liability would be if it were calculated using a discount rate that is 1-percent lower or 1-percent higher than the current rate:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
The Authority's' proportionate share of the net OPEB liability.	$ 1,682,432	$ 1,390,169	$ 1,159,801

The following presents the Net OPEB Liability of the Authority, as well as what the Fund's Net OPEB Liability would be if it were calculated using a health cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the health cost trend rates used:

	1% Decrease	Current Trend Rates	1% Increase
The Authority's' proportionate share of the net OPEB liability.	$ 1,175,180	$ 1,390,169	$ 1,558,725

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
At June 30, 2019, the Authority reported a liability of $1,390,169 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The Authority's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the Authority's proportion was 0.03197%.

For the year ended June 30, 2019, the Authority recognized OPEB expense of $25,967. At June 30, 2019 the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience.	$ 0	$ 82,307
Net difference between projected and actual earnings on OPEB investments.	0	17,349
Changes in assumptions.	0	259,538
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions.	131,289	0
Authority's contributions subsequent to the measurement date.	30,811	0
	$ 162,100	$ 359,194

Deferred outflows of resources totaling $30,811 represent Authority's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June	
2019	$ (63,448)
2020	(63,448)
2021	(63,448)
2022	(42,663)
2023	5,102
Total	$ (227,905)

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2018.

I. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has purchased insurance from commercial vendors and pays an annual premium for its general insurance coverage, as such all risk of loss is transferred.

J. Subsequent Events Review

The Authority has evaluated subsequent events through December 5, 2019 which is the date of the financial statements.

K. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

L. Tax Abatement Disclosures

The Association has not been affected by a tax abatement.

Required Supplemental Information

North Central Solid Waste Authority
Schedule of Authority's Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years*

Fiscal Year Measurement Date	2016 2015	2016 2015	2017 2016	2018 2017	2019 2018
Authority's proportion of the net pension liability.	0.13650%	0.14110%	0.15470%	0.16380%	0.16220%
Authority's proportionate share of the net pension liability.	$ 1,064,846	$ 1,438,637	$ 2,471,585	$ 2,250,750	$ 2,649,843
Authority's covered-employee payroll.	$ 1,169,658	$ 1,296,619	$ 1,393,733	$ 1,466,161	$ 1,527,834
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll.	91.04%	110.95%	177.34%	153.51%	173.44%
Plan fiduciary net position as a percentage of the total pension liability.	81.29%	81.31%	69.18%	73.74%	71.13%

*Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Authority is not available prior to fiscal year 2015, the year the statement's requirements became effective.

The notes to the financial statements are an integral part of this statement.

North Central Solid Waste Authority
Schedule of Authority's Contributions and Notes to Required Supplemental Information for Pension
Last 10 Fiscal Years*

	June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution.	$ 111,703	$ 123,377	$ 132,652	$ 140,018	$ 145,909
Contributions in relation to the contractually required contribution.	111,703	123,377	132,652	140,018	145,909
Contribution deficiency (excess).	$ 0	$ 0	$ 0	$ 0	$ 0
Authority’s covered-employee payroll.	$ 1,169,658	$ 1,296,619	$ 1,393,773	$ 1,466,161	$ 1,527,834
Contributions as a percentage of	9.55%	9.52%	9.52%	9.55%	9.55%

*Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Authority is not available prior to fiscal year 2015, the year the statement’s requirements became effective.

Notes to Required Supplementary Information
Changes of benefit terms. The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA’s CFAR. That report is available at https://www.saonm.org

Assumptions: The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2018 report is available at http://www.nmpera.org/

The notes to the financial statements are an integral part of this statement.

North Central Solid Waste Authority
Schedule of Authority's Proportionate Share of the Net Other Post Employee Benefits (OPEB) Liability
Last 10 Fiscal Years*

Fiscal Year / Measurement Date	2018 / 2017	2019 / 2018
Authority’s proportion of the net pension liability.	0.02911%	0.03197%
Authority’s proportionate share of the net pension liability.	$ 1,319,170	$ 1,390,169
Authority’s covered-employee payroll.	$ 1,466,161	$ 1,527,834
Authority’s proportionate share of the net pension liability as a percentage of its	89.97%	90.99%
Plan fiduciary net position as a percentage of the total pension liability.	11.34%	13.14%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for available years.

The notes to the financial statements are an integral part of this statement.

North Central Solid Waste Authority
Schedule of Authority's Contributions and Notes to Required Supplemental Information for OPEB
Last 10 Fiscal Years*

	June 30, 2018	June 30, 2019
Contractually required contribution.	$ 29,323	$ 30,557
Contributions in relation to the contractually required contribution.	27,306	30,811
Contribution deficiency (excess).	$ 2,017	$ (254)
Authority’s covered-employee payroll.	$ 1,466,161	$ 1,527,834
Contributions as a percentage of covered-employee payroll.	1.86%	2.02%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for available years.

Notes to Required Supplementary Information
Changes of benefit terms. The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA’s CFAR. That report is available at https://www.saonm.org

Assumptions: The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2018 report is available at http://www.nmpera.org/

The notes to the financial statements are an integral part of this statement.

Supplemental Information

North Central Solid Waste Authority
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	(Budgetary Basis)	with Final Budget- Favorable (Unfavorable)
Revenues				
Charge for Services	$ 5,200,000	$ 5,200,000	$ 5,185,943	$ (14,057)
Insurance Claims and Recoveries	0	0	23,771	23,771
Other	0	0	14,035	14,035
Total Revenue	5,200,000	5,200,000	5,223,749	23,749
Expenditures				
Salaries	1,760,500	1,760,500	1,594,982	165,518
Employee Benefits	656,450	656,450	686,982	(30,532)
Other Personnel Expenses	51,500	51,500	35,580	15,920
Tipping and Hauling Fees	620,000	620,000	643,735	(23,735)
Vehicle Expenses	550,000	550,000	530,120	19,880
Professional Services	177,000	177,000	309,593	(132,593)
Insurance	292,500	292,500	253,753	38,747
Gross Receipts Tax	195,000	195,000	210,985	(15,985)
Equipment Expenses	124,875	124,875	107,253	17,622
Utilities	64,300	64,300	57,500	6,800
Office Expenses	75,500	75,500	50,366	25,134
Postage	35,000	35,000	32,382	2,618
Fees	50,100	50,100	31,866	18,234
Building Expenses	16,700	16,700	24,900	(8,200)
Printing and Advertising	18,500	18,500	9,725	8,775
Other	12,300	12,300	11,806	494
Capital Outlay	419,775	419,775	400,631	19,144
Debt Service				
Principal	80,000	80,000	77,581	2,419
Interest	0	0	1,598	(1,598)
Total Expenditures	5,200,000	5,200,000	5,071,338	128,662
Excess (Deficiency) of Revenues Over Expenditures	0	0	152,411	152,411
Cash Balance Beginning of Year	1,891,913	1,891,913	1,891,913	0
Cash Balance End of Year	$ 1,891,913	$ 1,891,913	$ 2,044,324	$ 152,411

North Central Solid Waste Authority
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2019

Reconciliation of Budgetary Basis to GAAP Basis		
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis	$	152,411
Depreciation		(380,768)
Capital Outlay		405,451
Principal Portion of Debt Service		77,581
Disposal of Capital Assets		(44,750)
Net Change in Receivables		59,636
Net Change in Prepaid Expenses		(1,677)
Net Change in Deferred Outflows of Resources		218,352
Net Change in Accounts Payable		(14,380)
Net Change in Accrued Salaries		(32,273)
Net Change in Compensated Absences		4,899
Net Change in Unearned Revenue		(12,711)
Net Change in Net Pension Liability		(399,093)
Net Change in Net OPEB Liability		(70,999)
Net Change in Deferred Inflows of Resources		(5,225)
Change in Net Position	$	(43,546)

The notes to the financial statements are an integral part of this statement.

De'Aun Willoughby CPA, PC
Certified Public Accountant
225 Innsdale Terrace Clovis, NM 88101
(855) 253-4313

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards*

Independent Auditor's Report

Mr. Brian S. Colón
State Auditor of the State of New Mexico
Board of Directors the North Central Solid Waste Authority

Mr. Colón and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of North Central Solid Waste Authority (Authority) as of and for the year ended June 30, 2019, and the related notes to the financial statements, and the related budgetary comparison presented as supplemental information, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that are less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did identify deficiencies in internal control that we consider to be material weaknesses, 2019-001 and 2019-002. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 2019-003, 2019-004, 2019-005, 2019-006, 2019-007, 2019-008

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of it's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Authority's Responses to Findings

The Authority's responses to the finding identified in our audit as described in the accompanying schedule of findings and responses. Responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control and compliance. This report is intended solely for the information and use of the Authority, the New Mexico State Auditor’s Office and Department of Finance and Administration, Local Government Division and the New Mexico Legislature and is not intended to be and should not be used by anyone other than those specified parties.

De’Aun Willoughby, CPA, PC

Clovis, New Mexico
December 5, 2019

Prior Year Audit Findings

	Status
2005-001 Segregation of Duties	Resolved
2007-001 Organizational Formation and Oversight	Resolved
2007-010 Subsidiary Records and Inventory	Resolved
2012-001 Per Diem	Resolved
2015-002 Procurement Code	Resolved
2016-001 Certified Procurement Officer	Modified & Repeated
2016-002 Lack of Internal Control Over Adjusting Entries	Resolved
2016-003 Internal Controls Over Solid Waste Billing	Resolved
2016-004 Annual Leave Policy	Modified & Repeated
2016-005 Outstanding Bills Balance Due From Employees	Resolved
2017-002 Controls Over Authority Owned Credit Cards	Resolved
2017-003 Cash Deposit Discrepancies	Resolved
2018-001 Anti-Donation	Resolved

Current Year Audit Findings

Summary of Audit Results

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	2
• Significant deficiencies identified that are not considered to be material weaknesses?	6
Noncompliance material to financial statements noted?	N/A

2019-001 (2016-004) Board Policies, Procedures, Job Descriptions and Employee Handbook - Material Weakness

Condition

The Authority has woefully inadequate written policies, no documented procedures, no job descriptions or employee handbook in place.

Management has not made progress resolving this finding.

Criteria

Policies and procedures are an essential component of any organization. Policies are important because they address issues. Procedures clearly define a sequence of steps to be followed in a consistent manner. Https://www.convercent.com

Cause

Historic lack of committed, consistent understanding of or effort toward proper documentation across the organization, as well as maintaining day-to-day operations in service to our customers has taken precedence over documentation of policies, procedures, and job descriptions.

Effect

Without proper written policies, procedures and job descriptions, the issues at the Authority can not be properly addressed and corrected.

Recommendation

The Board should cause written policies, procedures, job descriptions and an employee handbook.

Response

A robust Employee Handbook is 60% completed. Desk audits for updated, thorough job descriptions were completed October, 2019 and presented to the Board of Directors in November, 2019 for there approval. Written policies for each job classification/assignment, based on desk audits, were started in November, 2019.

Responsible Parties

Board of Directors and Human Resource Director

Timeline

Employee handbook completed: April 30, 2020. Job descriptions based on desk audits: May 31, 2019.

2019-002 Customers Receivable - Material Weakness

Condition

There are 5,764 customers owing $9,093,207on June 30, 2019. Included in this balance are customers with credit balances of $74,281. No one has determined if the credit balances are correct, refunded the customer or sent them to the State as unclaimed property. There are 849 inactive accounts of which 12 or those accounts have current charges. Uncollectible accounts have not been written off as bad debts because there is not a policy to write off uncollectible accounts. A change in software that has occurred that did not transfer the history of each customer's accounts.

Criteria

Policies and Procedures for Accounts Receivable at https://smallbusiness.chron.com/policies-procedures-accounts-receivable-49701.html includes good advice is helping the Authority making customers receivable manageable causing the Authority to become more financially sound.

Cause

The Authority "inherited' the majority of this receivables debt in 2002, when the County stopped providing solid waste services and the Authority was formed under the JPA. There has been ongoing confusion as to just what we, as the Authority, can, and cannot "write off" in the way of bad debt.

Effect

Having so many customers with such large uncollectible amounts makes the management of collecting past due accounts very difficult. The change in software only rolled the account balance rather than the history making it impossible to determine correct balances and attempting to collect them.

Recommendation

The Board should issue a policy and procedure for customer accounts to give direction to management to proceed with collection activity and write off of bad debt. The old utility billing software must be archived to preserve the history or the Authority should continue paying for the old software company until such time the customer receivables issues have been resolved.

Response

1. Focus our collection efforts on those accounts we know to be leveraging.
2. Continue paying for support from the old utility billing software (Caselle) as long as necessary to ensure all accounts are accurately reflected/updated in the new system.
3. Research the situation until we get a definitive answer to the question: What can NCSWA write off in the way of bad debt?

Responsible Party

Accountant

Timeline

1. Ongoing efforts with Collections Specialist. Current efforts are bringing $15,000 to $20,000 each month. We will develop a "goals board" so the fruits of these efforts can even be more visible to all of us.
2. We anticipate continuing to pay for Caselle support through December, 2020.
3. Get an definitive answer by March 31, 2020. Once we have the answer, act immediately to write off all we can.

2019-003 Payroll - Compliance and Internal Control - Significant Deficiency

Condition

(a) Wages reported to PERA and RHCA did not include wages for holiday hours actually worked. The Authority pays actual worked holidays at two and a half times the regular rate of pay. The regular rate of pay was reported to PERA and RHCA however the one and a half portion paid was included in overtime pay, which overtime is non-reportable wages to ERB and RHCA.

(b) The Authority is not calculating worked time correctly. When calculating hours worked the rounding is not correct.

(c) The Authority has never reported new hires to the New Mexico New Hire Reporting System.

Criteria

(a) The statutes that govern PERA are NMSA 1978 Chapter 10, Articles 11 - 14. 2.80.100.7 (Q) "Salary" means the base salary or wages paid a member, including longevity pay, for personal services rendered to an affiliated public employer. "Salary" includes a member's fixed, periodical compensation from full or part time employment; shift differentials; and wages paid while absent from work on account of vacation, holiday, injury or illness, which means payment made by continuing the member on the regular payroll. "Salary" includes incentive pay that is not temporary and becomes part of member's base salary. "Salary" also includes temporary promotions, temporary salary increases, but no other temporary differentials. "Salary" shall not include overtime pay, allowances for housing, clothing, equipment or travel, payments for unused sick leave, unless the unused sick leave payment is made through continuation of the member on the regular payroll for the period represented by that payment. "Salary" also does not include lump sum payments which are not part of the member's fixed periodical compensation, such as lump sum annual and sick leave or occasional payments to elected officials for attending meetings, allowances for any purpose, employer contributions to a private retirement program, or other fringe benefits, even if they are paid to or for a member on a regular basis, and any other form of remuneration not specifically designated by law as included in salary for Public Employees Retirement Act purposes. Also, the Office of the State Auditor has added NMRHCA to their 2010 State Auditor Rule under State Compliance, Section 2.2.2.10 (G) (19). The rule states: "Retiree Health Care Authority Act (Section 10-7C-1 to 10-7C-19 NMSA 1978). Auditors should test to ensure 100% of payroll is reported to NMRHCA. RHCA employer and employee contributions are set forth in Section 10-7C-15 NMSA 1978.

(b) As Per DOL an employer may violate the FLSA minimum wage and overtime pay requirements if the employer always rounds down. Employee time from 1 to 7 minutes may be rounded down, and thus not counted as hours worked, but employee time from 8 to 14 minutes must be rounded up and counted as a quarter hour of work time. See Regulations 29 CFR 785.48(b).

(c) Under New Mexico law (§50-13-1 to 50-13-4) and Federal law (42 USC §653.a.(b)(1)(A)), all public, private, non-profit, and government employers are required to report all newly hired employees within 20 days of hire or rehire to the New Mexico New Hires Directory.

Cause

Since its inception, the Authority has been challenged with keeping day-to-day operations functioning in service to its customers, while also attracting, paying, and retaining qualified staff for all positions, including a Payroll Specialist and Human Resources Director. Best efforts to meet these challenges has nonetheless at times resulted in improper or insufficient training to ensure all federal and state requirements were being properly adhered to.

Effect

(a) Under reporting wages causes retirement benefits paid to retired employees to be less than they should be.

(b) Not correctly rounding time in accordance with Regulations 29 CFR 785.48(b) could cause under payment of wages to qualified employees.

(c) The Authority could be fined up to $20 per newly hired employee, and if there is a conspiracy between the employer and employee not to report, the penalty can be up to $500 per newly hired employee.

2019-003 Payroll - Compliance and Internal Control - Significant Deficiency (Continued)

Recommendation

(a) The Authority should correct the setup in the payroll software and ensure that actual worked holidays are included in reportable wages as well as ensuring the correct amount is withheld from the employee's pay for RHCA based on actual time worked.

(b) The Authority should round in accordance with regulations or pay for actual time worked.

(c) The Authority should register with the New Mexico New Hire Reporting System, obtain training and supervision to assure the new hire reporting requirements are met.

Response

The Authority will contact the PERA and RCHA departments to ensure that all wages are being reported correctly and accurately as required. The Authority will also continue to work with our contracted CPA and our new software company (InCode) to ensure that all hours are being recorded correctly. Finally, the Authority's Human Resources Director and/or Payroll Specialist will register with the NM New Hire Reporting System and obtain whatever training is needed for all applicable staff in order to ensure future compliance the PERA and RCHA requirements.

Responsible Parties

Manager, Human Resource Director , and Payroll Specialist

Timeline

All aspects of this finding should be resolved by June 30, 2020.

2019-004 Health Insurance - Compliance and Internal Control - Significant Deficiency

Condition

(a) Two of the 12 months premiums were not paid timely.

(b) The medical insurance premium deducted for one employee was more than should have been deducted by $99.81 per month. An estimated amount over withheld for 12 months would be $1,197.72. The employee changed coverage from self and child to just self in June 2018. As of June 2019 the change had not been made in the payroll software causing the over withheld amount.

Criteria

(a) As per Administrative Services Division statement, it states "Payments will be due by the 20th of each month", "Payments received after the 20th of the month shall be assessed a 1.5% late payment penalty fee, based on the total amount due, and added to the following month's invoice."

(b) As per the Authority health schedule employees earning $655 to $50,000 will pay 20% of the health insurance, $50,000 to $59,999 30%, and $60,000 plus 40%.

Cause

(a) Accounts payable and payroll processes were previously performed by one individual, which resulted in an oversight and these two payments being late.

(b) Miscommunication between/among the benefits provider, Human Resource Director, and our Accounts Payable Clerk regarding the status of the employee's dependent resulted in the over-deductions.

Effect

(a) The Authority could be subject to penalties of 1.5% of the premiums paid for late payment.

(b) The Authority owes the employee money. The employer's payroll reports, taxes remitted and employee's W-2 are incorrect because this money was pre-taxed.

Recommendation

(a) Create a calendar that has due dates added to ensure reports are timely filed.

(b) All employees' insurance coverage should be reviewed and compared to the bill from the insurance company ensuring the amount withheld agrees to the amount billed by the insurance company. The employee should be reimbursed for the over withheld amount and payroll reports should be corrected.

Response

(a) Accounts payable and payroll processes have been segregated into distinct job functions. We have also increased the rigor with which payables are scheduled and checked for accuracy.

(b) We have corrected the amounts to be deducted and will pay the employee the amount due. Going forward, Human Resource Director, Payroll Specialist, and Accounts Payable Clerk will meet at least twice yearly to audit all employees' benefits deductions to ensure accuracy.

Responsible Party

Human Resource Director

Timeline

(a) December 10, 2019.

(b) Payment to employee to be made December 20, 2019. Twice-annual benefits payments audits to be completed on or before January 31, 2020 and on or before July 31, 2020.

2019-005 Fuel Cards - Compliance and Internal Control - Significant Deficiency

Condition

There is an absence of comprehensive policies and procedures for the use of fuel cards and there are poor practices in the use of fuel cards as well as insufficient transaction monitoring which all contributed to a weak control environment. Key controls were not in place.

Criteria

Best Practices in Fleet Fuel Management at https:/www.government-fleet.com146377/best-practices-in-fleet-fuel-management.

Cause

Keeping day-to-day operations running as smoothly as possible has historically taken precedence over developing policies and procedures, to include a fuel oversight program.

Effect

A weak control environment substantially increases the risk of fraud and abuse could occur and go undetected.

Recommendation

The Authority should develop a comprehensive fuel program policy and related procedures to address the condition and monitor transactions including consequences for failing to follow the procedures.

Response

Research best practices then write a robust fuel card/fuel monitoring procedure, to be included in our Personnel Policies and Procedures Handbook.

Responsible Party

Manager

Timeline

April 30, 2020.

2019-006 Penalties for late filed and paid Governmental Gross Receipts - Compliance and Internal Control-Significant Deficiency

Condition

The Authority incurred penalties and interest for late filing and paying of gross receipts tax to the Department of Taxation and Revenue for 2 of the 12 months.

Criteria

For all CRS taxpayers the deadline for filing the CRS-1 Form online, including remitting any tax due via electronic check or credit card payment, must be completed by the 25th day of the month immediately following the report period for which you are filing. http:www.tax.newmexico.gov

Cause

Resignation of our financial officer/accountant in March and transition to our new (Encode) financial accounting system in June gave rise to communication oversights that resulted in the late payments for two of the twelve months.

Effect

The Authority paid a total of $1,583.21 for two late filed and paid reports.

Recommendation

Deadlines should be included on a reminder system to avoid penalties and interest.

Response

Accounts Payable Clerk is to implement a reminder system on her calendar to ensure we are not late on these payments going forward.

Responsible Party

Accounts Payable Clerk

Timeline

January, 2020. Accounts Payable Clerk has already implemented her reminder system for this.

2019-007 Pledged Securities - Compliance and Internal Control-Significant Deficiency

Condition

The securities pledged to the Authority by Century Bank, Baltimore MD Project Revenue Bonds, do not comply with Subsection A of Section 6-10-16 NMSA 1978.

Criteria

Subsection A of Section 6-10-16 NMSA 1978, Security for public deposits. “deposits of public money shall be secured by: securities of the United States, its agencies or instrumentalities; securities of the state of New Mexico, its agencies, instrumentalities, counties, municipalities or other subdivisions; ..."

Cause

Lack of clear understanding on the part of management regarding the rules and regulations for pledged securities.

Effect

Should the bank fail, out of state securities may be more difficult to negotiate and New Mexico securities are guaranteed by the state of New Mexico knowingly making them collectible.

Recommendation

The Authority should obtain qualified securities from Century Bank.

Response

1. We are in the process of switching our business to a different bank early in 2020 due to business reasons. All discussions to date have included assurances from potential banks of their compliance with these pledged securities requirements.
2. Until we switch, I will have a conversation with our current banker regarding compliance with pledged securities requirements.

Responsible Party

Manager

Timeline

1. Bank switch no later than February 28, 2020.
2. Discussion with existing bank around securities compliance by January 15, 2020.

2019-008 (2016-001) Certified Procurement Officer (CPO)- Compliance and Internal Control-Significant Deficiency

Condition

The Authority did not have a certified procurement officer.

Management has not made progress resolving this finding.

Criteria

NMAC 1.4.1.94 (D) - Chief procurement officer duties, responsibilities and obligations. On and after July 1, 2015, only certified chief procurement officers may: (1) make determinations, including determinations regarding exemptions, pursuant to the Procurement Code; (2) issue purchase orders and authorize small purchases pursuant to the Procurement Code; and (3) approve procurement pursuant to the Procurement Code; (4) provided that, persons using procurement cards may continue to issue purchase orders and authorize small purchases.

Cause

Resignation of our Billing Specialist, who was in training to become our CPO, earlier this year, as well as the switchover to our new financial software system, delayed our efforts to place a CPO in our organization.

Effect

The purpose of the training is to improve the procurement process through gained knowledge. Issuing purchase orders by someone other than the CPO could result in a purchase that violates the procurement process.

Recommendation

The Manager and Accountant should both attend the training and obtain the certification.

Response

Introductory Procurement training was completed in November, 2019 by Manager and Accountant. Manger will be taking the complete CPO training and certifying as a CPO in the first quarter of 2020.

Responsible Party

Manager

Timeline

The Manager is scheduled for CPO training in February and expect to be CPO certified no later than February 28, 2020.

Exit Conference

Exit Conference-An exit conference was held on December 5, 2019. Those present were Ben Lujan-Vice-Chairman, Ed Fierro-Contract CPA, Peter Fuller-Manager, Starla Sharp-Auditor, and De'Aun Willoughby-CPA.